

By ABP on 2/1/77

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stration had done in raising the total to 2, 525, 000. The most important thing, the President thought, was to improve the alert status of SAC, going into every phase of protecting it and increasing dispersal of B52s so that it could retaliate if required and thus insure the existence of the deterrent force. Reserve crews would need to be added.

The President then noted that research had been increased another \$140 million over the \$5.2 billion already in the FY '59 budget. He thought this an important addition though obviously not large in percentage. While some \$1 billion would be added in augmentation programs, we would continue to seek all possible savings in the effort to stay below \$40 billion. The rule should be, he said, to be alert to needs but not to panic. Sen. Dirksen noted that Dr. Von Braun had said more money could not be used effectively in the missile program. The President repeated that it was essential not to panic but rather to carry on a steady program.

Sen. Knowland inquired why there were so many advance stories on the Vanguard when it would seem better to wait for a successful firing before speaking out. The President stated his full concurrence in that view, adding that the problem of press relations in a democracy was extremely difficult to deal with satisfactorily.

Turning to pay increases, the President recalled that in vetoing the 1957 pay bill he had recognized that a question of equity was involved. He said it is apparent that there has been a 6% increase in living costs which would have justified that much of a pay raise, but instead an unreasonable proposal was pushed forward. At present it must be recognized that the sideways movement in the economy suggests decreases in tax receipts even with increasing defense costs. The President thought the Gardner Report must be implemented to assure the presence of highly skilled career people in the service. All of this presented something of a dilemma, the President concluded.

Sen. Saltonstall reported on the recent hearings on defense programs from which four main points seemed to emerge: the number of different missiles ought to be reduced from the present level of 18; production could be expedited by going from a five-day week to a seven-day week with double shifts; there is need for a "Ceas" for missiles; and Defense officials seem overly complacent, especially in the light of the report by Allen Dulles to the Congressional Committee. The President cited the tendency he had always witnessed of C-2 people to present the most alarming picture as a form of insurance, and he recalled specifically the overestimate of the Soviet missile program in recent years. He did not want, however, to underestimate the Soviets even while refusing to be panicky. Mr. Halleck thought that the present bubble existed primarily in Washington, whereas the people in his part of the country wanted the Administration to maintain balance.

1958 Program - General - Mr. Brundage pointed out that estimates